

**Austin Housing Finance Corporation  
BYLAWS**

**ARTICLE 1.**

**POWERS AND PURPOSES**

Section 1. Financing of Residential Development Projects. In order to implement the purposes for which the Corporation was formed as set forth in the Articles of Incorporation, the Corporation shall issue obligations to finance all or part of the cost of residential developments for persons of low or moderate income, pursuant to the provisions of the Texas Housing Finance Corporations Act Article 12691-7, Vernon's Annotated Texas civil Statutes, as amended (the "Act").

Section 2. Books and Records: Approval of Programs and Financial Statements. The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors. All books and records of the Corporation may be inspected by any director or director's agent or attorney for any proper purpose during regular business hours of the Corporation's principal office, and all subject to the Open Records Act, Article 6252-17a as amended, V.A.T.C.S. Similarly the Governing Body may have access to the books and records and shall be entitled to approve all programs and expenditures of the Corporation exceeding Two Thousand Dollars (\$2,000). A copy of the Corporation's annual report, including a balance sheet and income statement, shall be filed with the City of Austin City Clerk.

**ARTICLE II**

**BOARD OF DIRECTORS**

Section 1. Powers, Number and Term of Office. The property and affairs of the Corporation shall be managed and controlled by the Board Of Directors and, subject to the restrictions imposed by law, the Articles of Incorporation and these Bylaws, the Board of Directors shall exercise all of the powers of the Corporation.

The Board of Directors shall consist of seven (7) directors, each of whom shall be appointed by the Governing Body and who shall serve for terms specified by the Governing Body.

Any director may be removed from office, by the Governing Body, for cause or at will.

Vacancies in the Board, including vacancies to be filled by an increase in the number of directors, shall be filled for the unexpired term by the appointment of successor directors by the Governing Body.

Section 2. Action of the Board. Unless otherwise required by the State Constitution or

by State statute or the supreme law of the land, the affirmative vote of a majority of not less than four (4) directors shall constitute action of the Board and of the Corporation. If more than four directors be qualified and serving, then a majority of such number greater than four attending a meeting shall constitute such action. The provisions of this Section likewise apply to actions of Board Committees. Any meeting may be recessed and reconvened without limitation.

If a quorum is not present at any meeting, the director present may recess the meeting from time to time, without notice other than announcement of the meeting, until a quorum is present.

Meetings may be hold at any place not prohibited by law.

Section 3. Additional Notice and Waiver of Notice of Meetings. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. The Corporation and its Board are subject to the Open Meetings Act, Article 6252-17a, V.A.T.C.S. A waiver of notice in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice to the Director.

Section 4. Executive Committee. The Board of Directors, by resolution passed by a majority of the directors in office, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation, except where action of the Board of Directors is specified by law.

The executive committee shall act in the manner provided in such resolution. The President shall be the liaison of the Executive Committee, if any, with the Treasurer.

The executive committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall report the same to the Board of Directors from time to time.

Section 5. Compensation of Directors. Directors as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

Section 6. Indemnification. a. - When Indemnification Is Required, Permitted and Prohibited. (1) The Corporation shall indemnify a director, officer, committee member, employee, or agent of the Corporation who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Corporation. For the purposes of this section, an agent includes one who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Corporation shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Corporation's best interest. In the case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Corporation shall not indemnify

a person who is found liable to the Corporation or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(2) The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the Corporation.

(3) The Corporation shall pay or reimburse expenses incurred by a director, officer, committee member, employee, or agent of the Corporation in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Corporation when the person is not a named defendant or respondent in the proceeding.

(4) In addition to the situations otherwise described in this section, the Corporation may indemnify a director, officer, committee member, employee, or agent of the Corporation to the extent permitted by law. However, the Corporation shall not indemnify any person in any situation in which indemnification is prohibited by the terms of paragraph 6.a. (1). above.

(5) Before the final disposition of a proceeding, the Corporation may pay indemnification expenses permitted by the Bylaws and authorized by the Corporation. However, the Corporation shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is named defendant or respondent in a proceeding brought by the Corporation or the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.

(6) If the Corporation may indemnify a person under the Bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

b. - Procedures Relating to Indemnification Payments. (1) Before the corporation may pay any indemnification expenses (including attorney's fees), the Corporation shall specifically determine that indemnification is permissible, authorize indemnification and determine that expenses to be reimbursed are reasonable, except as provided in paragraph 6.b.(3), below. The Corporation may make these determinations and decisions by any one of the following procedures:

(A) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

B) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more

directors who at the time of the vote are not named defendants or respondents in the proceeding.

(C) Determination by special legal counsel selected by the Board of Directors by vote as provided in paragraph 6.b.(1)(B), or if such a quorum cannot be obtained and such a committee cannot established, by a majority vote of all directors.

(2) The Corporation shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by paragraph 6.b.(1)(C), above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the Bylaws, or a resolution of members of the Board of Directors that requires the indemnification permitted by paragraph 6.a., above constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(3) The Corporation shall pay indemnification expenses before final disposition of a proceeding only after the Corporation determines that the facts then known would not preclude indemnification and the Corporation receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under paragraph 6.b.(1), above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the Bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Corporation if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

### **ARTICLE III**

#### **OFFICERS**

Section 1. Titles and Term of Office. The officers of the Corporation shall be a president, a vice president, a general manager, a secretary, a treasurer, a general counsel, and such other officers as the Board of Directors may from time to time elect or appoint. One person may hold more than one office, except that the president shall not hold the office of secretary. Terms of office shall not exceed three years.

All officers shall be subject to removal from office, with or without cause, at any time by the Board of Directors.

A vacancy in any office shall be filled by the Board of Directors.

Section 2. President. The president shall be the chief executive officer of the Corporation and, subject to the Board of Directors, be in general charge of the properties and affairs of the Corporation. The President shall preside at all meetings of the Board of Directors.

Section 3. Vice President. The vice president shall have such powers and duties as may be assigned by the Board of Directors and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence or inability to act of the president at the time such action was taken.

Section 4. General Manager. The general manager shall be the chief operating officer of the Corporation and, subject to the Board of Directors, be in general charge of the operations of the Corporation. The general manager or a designee may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Corporation.

Section 5. Treasurer.

a. The treasurer shall have custody of all the funds and securities of the Corporation which come to hand. When necessary or proper, the treasurer or a designee may endorse, on behalf of the Corporation, any checks, notes or other obligations and shall deposit the same to the credit of the Corporation.

The treasurer or a designee may sign all receipts and vouchers for payment made to the Corporation, either alone or jointly with such officer as is designated by the Board of Directors. Whenever required by the Board of Directors, the treasurer shall tender a statement of the cash account. The treasurer shall regularly enter or cause to be entered in the books of the Corporation, kept by the treasurer for that purpose, full and accurate accounts of all monies received and paid out on account of the Corporation.

The treasurer shall perform all acts incident to the position of treasurer subject to the oversight of the general manager and shall, if required by the Board of Directors, give such bond for the faithful discharge of duties, in such form as the Board of Directors may require.

b. (1) The treasurer shall, under the general supervision of the general manager, conduct the day-to-day business of the Corporation.

(2) Funds and monies of the Corporation shall be placed in a Trust and Agency Account by the City of Austin. Checks and drafts drawn on said Account for proper corporation purposes, may be jointly signed by any two officers of the City of Austin who are bonded for the faithful discharge of their duties as City officers.

(3) Corporation funds, monies, securities, and negotiable instruments shall be kept in such lawful depositories as the officers administering the Trust and Agency Account deem proper.

Section 6. Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose, and shall attend to the giving and serving of all

notices. The secretary may attest to the signature of the officers of the Corporation on all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation.

The secretary shall have charge of the corporate books, records, documents and instruments, except the books of account and financial records and securities of which the treasurer shall have custody and charge, and such other books and papers as the Board of Directors may direct, all of which shall, at all reasonable times, be open to inspection upon application at the office of the Corporation during business hours.

The secretary shall in general perform all duties incident to the office of secretary subject to the general supervision of the general manager and the control of the Board of Directors.

Section 7. General Counsel. The general counsel shall act as the attorney for the Corporation and may appoint one or more deputies. A deputy counsel, if any, is an assistant officer and may act fully in the place and stead of the general counsel.

Section 8. Compensation. Officers as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses, approved by the treasurer, and by the president of the treasurer's, incurred in the performance of their duties hereunder.

## **ARTICLE IV**

### **PROVISIONS REGARDING ARTICLES OF INCORPORATION AND BYLAWS**

#### Section 1. Amendments to Articles of Incorporation and Bylaws.

a. The Articles of Incorporation may at any time and from time to time be amended, provided that the Board of Directors files with the Governing Body a written application requesting that the Governing Body approve such amendment to the Articles of Incorporation, specifying in such application the amendment or amendments proposed to be made. If the Governing Body by appropriate resolution finds and determines that it is advisable that the proposed amendment be made, authorizes the same to be made and approves the form of the proposed amendment, the Board of Directors shall proceed to amend the Articles as provided in the Act.

The Articles of Incorporation may also be amended at any time by the Governing Body at its sole discretion by adopting an amendment to the Articles of Incorporation of the Corporation by resolution of the Governing Body and delivering the Articles of Amendment to the Secretary of State as provided in the Act.

b. These Bylaws may be amended by majority vote of the Board of Directors.

Section 2. Interpretation of Bylaws. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Bylaws, or the application thereof to

any person or circumstance, shall ever be held to be invalid or unconstitutional by a court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

## **ARTICLE V**

### **GENERAL PROVISIONS**

Section 1. Principal Office. The principal office of the Corporation shall be located at 301 W. 2nd Street, Suite 100, Austin, Texas 78701.

The Corporation shall have and continuously maintain in the State of Texas (the "State") a registered office, and a registered agent whose business office is identical with such registered office, as required by the Act. The registered office may be, but need not be, identical with the principal office in the State, and the address of the registered office may be changed from time to time by the Board of Directors, pursuant to the requirements of the Act.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be October 1 to September 30.

Section 3. Notice and Waiver of Notice. Whenever any additional notice is required to be given under to a director the provisions of the Articles of Incorporation or these Bylaws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his last known post office address or as it appears on the books of the Corporation, if to a holder of corporate bonds, and such notice shall be deemed to have been given on the day of such mailing.

Section 4. Seal. The corporate seal shall be circular and shall have inscribed in the outer circle "Austin Housing Finance Corporation" and shall have inscribed in the inner circle the letters "T-E-X-A-S" and a five-pointed star. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise accomplished. The imprint of this seal is affixed below.

Section 5. Resignations. Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly So provided in the resignation.

Section 6. Approval or Advice and Consent of the Governing Body. To the extent that

these Bylaws refer to any approval by the Governing Body or refer to advice and consent by the Governing Body, such advice and consent shall be evidenced by a certified copy of a resolution, order or motion duly adopted by the Governing Body.

Section 7. Organization Control. The Governing Body may, at its sole discretion, and at any time, after or change time structure, organization, programs or activities of the Corporation (including the power to terminate the Corporation), subject to any limitations on the impairment of contracts entered into by such Corporation.

Section 8. Dissolution of the Corporation. Upon dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation at such time shall vest in the Governing Body.

Section 9. Other Net Earnings Restrictions. No dividends shall ever be paid by the Corporation and no part of its net earnings (beyond that necessary for retirement of the indebtedness of the Corporation or to implement the public purpose of the Governing Body for which the corporation has been created) shall be distributed to or inure to the benefit of the directors or officers or any private person, firm, corporation, or association except in reasonable amounts for services rendered. No substantial part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

In the event the Board of Directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the corporation issued to finance all or part of the cost of a Corporation-financed project, then the net earnings of the corporation thereunder accruing with respect to such project shall be paid to the City of Austin or its successor.

Any acts and Instruments heretofore performed and executed by the officers of the Austin Housing Finance Corporation in its name and on its behalf are hereby ratified and confirmed.

ADOPTED September 15, 1993.



## **CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting secretary of Austin Housing Finance Corporation and that the foregoing Bylaws constitute the Bylaws of the Corporation. These Bylaws were duly adopted at a meeting of the Corporation's Board of Director held on September 16, 1993.

Dated:            March 17, 1994



William R. Cook  
Secretary of the Corporation